

Message Text

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41

ACTION XMB-07

INFO OCT-01 EUR-25 ADP-00 COME-00 EB-11 SCI-06 AEC-11 PA-03

PRS-01 USIA-12 TRSE-00 L-03 CIAE-00 INR-10 NSAE-00

RSC-01 ACDA-19 /110 W

----- 107200

R 171455Z JUL 73

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 6762

INFO AMCONSUL ZAGREB

LIMITED OFFICIAL USE BELGRADE 3221

PASS EXIM COMMERCE

E.O. 11652: N/A

TAGS: ENRG EFIN PFOR YO

SUBJ: KRSKO NUCLEAR POWER PROJECT

REF STATE 136655

1. WE WELCOME EXIM BANK AGREEMENT TO COVER INTEREST COSTS DURING CONSTRUCTION PERIOD, AND BELIEVE THAT THIS DECISION WILL BE HELPFUL TO WESTINGHOUSE, GENERAL ELECTRIC IN CURRENT CRITICAL PRE-SELECTION PHASE.
2. WE HAVE NOTIFIED ASSISTANT FINANCE SECRETARY POPOVIC AND WESTINGHOUSE NUCLEAR PROJECTS DIRECTOR DENNETT, WHO EXPRESSED APPRECIATION.
3. SINCE CONTRACTOR SELECTION OF PRE-SELECTION MAY BE IMMINENT, WE HAVE NOT YET INFORMED YUGOSLAVS OF EXIM POSITION ON INCLUSION OF GAS TURBINES AND LOCAL COST FINANCING.
4. WE HOPE EXIM BANK CAN ASAP DEVISE FORMULAS AT LEAST PARTIALLY ACCOMMODATING YUGOSLAV CONCERNS ON THESE TWO ISSUES. FOR EXAMPLE, IF GAS TURBINES CANNOT BE INCLUDED IN KRSKO

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PROJECT, CAN SEPARATE ARRANGEMENTS, BUT AS SIMILAR AS POSSIBLE, BE

FORMULATED? WE CONSIDER IT OF IMPORTANCE TO AVOID AN ENTIRELY NEGATIVE RESPONSE.

5. DENNETT AND KOSTIC, DEPUTY DIRECTOR OF YUGOSLAV AGENCY PROGRES, VISITED EMBASSY JULY 16 AND PRESSED PARTICULARLY STRONGLY FOR SOME IMPROVEMENT IN LOCAL COST ARRANGEMENT. THEY URGED THAT EXIM BANK GUARANTEE 30 PERCENT OF LOCAL COSTS, OR AT LEAST SOME PERCENTAGE SIGNIFICANTLY HIGHER THAN 15 PERCENT NOW OFFERED. THEY CLAIMED GERMANS OFFERING TO COVER 100 PERCENT. THEY REITERATED NATIONAL BANK OF YUGOSLAVIA PRECLUDED BY LAW FROM GIVING "SUPER GUARANTEE" ON LOCAL COST FINANCING TO U.S. COMMERCIAL BANKS; SUCH A GUARANTEE CAN BE GIVEN ONLY TO EXIM BANK.

6. WE WOULD APPRECIATE BEING KEPT INFORMED OF DEVELOPMENTS ON CONTINUING BASIS.
TOON

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Message Attributes

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Disposition Action: RELEASED
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Disposition Authority: golinofr
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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US Department of State
EO Systematic Review
30 JUN 2005

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